



RALLS COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 99-68  
August 31, 1999

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ralls, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Ralls County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- < Ralls County's General Revenue Fund is experiencing a declining cash balance. The cash balance has basically decreased from \$193,572 at January 1, 1997 to \$4,229 at December 1998. The audit suggested the county review expenditures and reduce discretionary costs.
- < As similarly noted in the prior two reports, the approved budget documents still do not adequately project the anticipated financial condition of the Special Road and Bridge Fund. The County Commission indicated that, to plan for unforeseen emergencies and to avoid overspending the approved budget, they budget to spend all beginning cash available plus all estimated receipts for the year. The audit indicated such a practice results in the loss of the budget as a management tool and control over disbursements. The audit also questioned the county's procedures for calculating administrative fees charged to the Special Road and Bridge Fund.
- < The county directly paid 911 Fund costs totaling \$70,333, and authorized operating transfers of \$6,052, from the Special Road and Bridge fund. The county indicated that 911 employees do some work for the Road and Bridge department but maintained no documentation supporting the amounts charged. As state law and the Missouri Constitution restrict the use of the Special Road and Bridge Fund, the audit recommended the county review such practices with legal counsel.

- < The county's documentation of bidding procedures needs improvement. The county verbally had reasons for some actions but had not documented such things including why higher bids were sometimes accepted.

Also included in the audit are recommendations regarding expenditures of county funds, personnel policies, and general fixed asset procedures. The audit also suggested an adequate segregation of duties or independent oversight in the Circuit Clerks' Child Support Office, the Associate Circuit Clerk's Office, and the Sheriff's Office.

*Copies of the audit are available upon request.*

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## FINANCIAL SECTION



## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Ralls County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Ralls County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Ralls County.

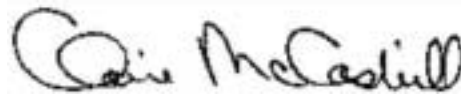
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ralls County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Ralls County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 8, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ralls County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

April 8, 1999 (fieldwork completion date)



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Ralls County, Missouri

We have audited the special-purpose financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

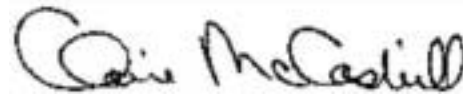
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Ralls County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Ralls County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Ralls County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

April 8, 1999 (fieldwork completion date)

## Financial Statements

Exhibit A-1

RALLS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 102,942	1,092,702	1,191,415	4,229
Special Road and Bridge	480,602	1,099,316	1,231,711	348,207
Assessment	2,305	151,125	159,432	-6,002
Law Enforcement Training	850	5,296	5,435	711
Prosecuting Attorney Training	8,741	1,207	500	9,448
Prosecuting Attorney Administration	524	1,308	1,200	632
Prosecuting Attorney Delinquent Tax	3,016	165	925	2,256
Domestic Violence	245	445	417	273
Drug Enforcement	10,828	105,337	114,068	2,097
Recorder's User Fee	14,961	5,390	6,476	13,875
911	145,682	97,243	240,959	1,966
Health Center	146,712	863,050	772,707	237,055
Circuit Division Interest	4,124	2,027	624	5,527
Associate Circuit Division Interest	1,287	767	0	2,054
Total	\$ 922,819	3,425,378	3,725,869	622,328

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RALLS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 115,169	1,159,388	1,171,615	102,942
Special Road and Bridge	840,380	1,168,031	1,527,809	480,602
Assessment	11,849	142,685	152,229	2,305
Law Enforcement Training	750	3,317	3,217	850
Prosecuting Attorney Training	8,338	1,459	1,056	8,741
Prosecuting Attorney Administration	148	1,476	1,100	524
Prosecuting Attorney Delinquent Tax	2,691	325	0	3,016
Domestic Violence	1,033	485	1,273	245
Drug Enforcement	14,154	198,920	202,246	10,828
Recorder's User Fee	16,978	4,983	7,000	14,961
911	17,208	196,822	68,348	145,682
Health Center	133,362	992,453	979,103	146,712
Circuit Division Interest	5,034	3,415	4,325	4,124
Associate Circuit Division Interest	593	694	0	1,287
Circuit Clerk Special	1,029	2	1,031	0
Total	\$ 1,168,716	3,874,455	4,120,352	922,819

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit B

RALLS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
GENERAL REVENUE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 212,686	202,135	-10,551	158,639	171,996	13,357
Sales taxes	542,000	522,714	-19,286	584,000	541,022	-42,978
Intergovernmental	93,100	82,720	-10,380	69,200	84,627	15,427
Charges for services	176,820	172,135	-4,685	182,200	169,506	-12,694
Interest	6,000	5,398	-602	5,000	5,047	47
Other	31,600	41,184	9,584	43,300	52,496	9,196
Transfers in	46,683	66,416	19,733	31,029	134,694	103,665
Total Receipts	1,108,889	1,092,702	#VALUE!	1,073,368	1,159,388	#VALUE!
<b>DISBURSEMENTS</b>						
County Commission	56,750	55,425	1,325	52,050	50,355	1,695
County Clerk	62,408	57,883	4,525	62,450	60,754	1,696
Elections	57,620	52,738	4,882	46,000	27,338	18,662
Buildings and grounds	73,315	42,261	31,054	72,662	64,129	8,533
Employee fringe benefits	173,421	157,006	16,415	154,000	148,893	5,107
County Treasurer	21,158	20,001	1,157	21,237	20,049	1,188
County Collector	66,166	60,008	6,158	64,316	58,182	6,134
Circuit Clerk	40,202	39,353	849	38,300	35,370	2,930
Associate Circuit	10,700	11,101	-401	11,000	12,220	-1,220
Court administration	7,196	9,582	-2,386	8,557	7,686	871
Public Administrator	16,925	16,986	-61	13,775	16,613	-2,838
Sheriff	333,572	382,699	-49,127	332,709	406,179	-73,470
Prosecuting Attorney	66,621	62,006	4,615	65,733	59,523	6,210
Juvenile Officer	53,250	48,340	4,910	54,433	49,218	5,215
County Coroner	14,750	6,765	7,985	14,750	8,896	5,854
Planning & zoning	21,262	20,287	975	21,392	20,389	1,003
University Extension Service	35,130	35,130	0	34,372	34,372	0
Prosecuting Attorney retirement	4,500	4,500	0	0	2,333	-2,333
Public health and welfare services	1,100	495	605	600	665	-65
Local Emergency Planning Committee	2,500	2,500	0	0	2,500	-2,500
Other general county government	51,500	54,564	-3,064	58,000	45,951	12,049
Transfers out	41,785	51,785	-10,000	30,000	40,000	-10,000
Emergency Fund	33,267	0	33,267	32,201	0	32,201
Total Disbursements	1,245,098	1,191,415	53,683	1,188,537	1,171,615	16,922
RECEIPTS OVER (UNDER) DISBURSEMENTS	-136,209	-98,713	#VALUE!	-115,169	-12,227	#VALUE!
CASH, January 1	102,942	102,942	0	115,169	115,169	0
CASH, December 31	\$ -33,267	4,229	#VALUE!	0	102,942	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit C

RALLS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 269,184	281,064	11,880	245,265	261,531	16,266
Sales taxes	100,000	106,749	6,749	118,000	108,202	-9,798
Intergovernmental	669,200	648,350	-20,850	649,680	729,239	79,559
Interest	35,000	24,475	-10,525	30,000	33,182	3,182
Other	25,100	38,678	13,578	1,000	35,877	34,877
Total Receipts	1,098,484	1,099,316	832	1,043,945	1,168,031	124,086
<b>DISBURSEMENTS</b>						
Salaries	260,000	231,262	28,738	228,000	240,707	-12,707
Employee fringe benefits	132,496	88,932	43,564	120,000	93,957	26,043
Supplies	155,000	117,353	37,647	143,000	131,373	11,627
Insurance	30,000	24,323	5,677	30,000	19,508	10,492
Road and bridge materials	474,000	337,280	136,720	630,000	401,295	228,705
Equipment repairs	50,000	52,129	-2,129	60,000	42,365	17,635
Rentals	1,000	83	917	3,000	1,161	1,839
Equipment purchases	225,000	198,362	26,638	360,325	249,870	110,455
Construction, repair, and maintenance	150,000	117,552	32,448	200,000	223,071	-23,071
Other	24,000	4,162	19,838	70,000	3,524	66,476
Transfers out	77,590	60,273	17,317	40,000	120,978	-80,978
Total Disbursements	1,579,086	1,231,711	347,375	1,884,325	1,527,809	356,516
RECEIPTS OVER (UNDER) DISBURSEMENTS	-480,602	-132,395	348,207	-840,380	-359,778	480,602
CASH, JANUARY 1	480,602	480,602	0	840,380	840,380	0
CASH, DECEMBER 31	\$ 0	348,207	348,207	0	480,602	480,602

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

RALLS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

Year Ended December 31,						
1998				1997		
		Variance				Variance
		Favorable				Favorable
		(Unfavorable)				(Unfavorable)
Budget	Actual			Budget	Actual	
RECEIPTS						
Intergovernmental	\$ 113,000	96,100	-16,900	105,500	96,425	-9,075
Charges for services	1,500	1,020	-480	1,500	1,518	18
Interest	1,000	168	-832	300	483	183
Other	4,000	2,052	-1,948	3,000	4,259	1,259
Transfers in	41,785	51,785	10,000	30,000	40,000	10,000
Total Receipts	161,285	151,125	-10,160	140,300	142,685	2,385
DISBURSEMENTS						
Assessor	163,590	159,432	4,158	151,670	152,229	-559
Total Disbursements	163,590	159,432	4,158	151,670	152,229	-559
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,305	-8,307	-6,002	-11,370	-9,544	1,826
CASH, JANUARY 1	2,305	2,305	0	11,849	11,849	0
CASH, DECEMBER 31	\$ 0	-6,002	-6,002	479	2,305	1,826

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

RALLS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,400	5,240	1,840	2,500	3,283	783
Interest	100	56	-44	20	34	14
Total Receipts	3,500	5,296	1,796	2,520	3,317	797
DISBURSEMENTS						
Sheriff	3,000	5,435	-2,435	3,270	3,217	53
Total Disbursements	3,000	5,435	-2,435	3,270	3,217	53
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	-139	-639	-750	100	850
CASH, JANUARY 1	850	850	0	750	750	0
CASH, DECEMBER 31	\$ 1,350	711	-639	0	850	850

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

RALLS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	928	-72	1,400	1,218	-182
Interest	200	279	79	200	241	41
Total Receipts	1,200	1,207	7	1,600	1,459	-141
DISBURSEMENTS						
Prosecuting Attorney	1,650	500	1,150	2,500	1,056	1,444
Total Disbursements	1,650	500	1,150	2,500	1,056	1,444
RECEIPTS OVER (UNDER) DISBURSEMENTS	-450	707	1,157	-900	403	1,303
CASH, JANUARY 1	8,741	8,741	0	8,338	8,338	0
CASH, DECEMBER 31	\$ 8,291	9,448	1,157	7,438	8,741	1,303

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

RALLS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY ADMINISTRATION

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 1,150	1,285	135
Interest	50	23	-27
Total Receipts	1,200	1,308	108
DISBURSEMENTS			
Prosecuting Attorney	1,200	1,200	0
Total Disbursements	1,200	1,200	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	108	108
CASH, JANUARY 1	524	524	0
CASH, DECEMBER 31	\$ 524	632	108

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

RALLS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY DELINQUENT TAX

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 50	87	37
Other	250	78	-172
Total Receipts	300	165	-135
DISBURSEMENTS			
Other Expenditures	3,000	925	2,075
Total Disbursements	3,000	925	2,075
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,700	-760	1,940
CASH, JANUARY 1	3,016	3,016	0
CASH, DECEMBER 31	\$ 316	2,256	1,940

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

RALLS COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DOMESTIC VIOLENCE

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 475	440	-35
Interest	25	5	-20
Total Receipts	500	445	-55
DISBURSEMENTS			
Contracted Services	500	417	83
Total Disbursements	500	417	83
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	28	28
CASH, JANUARY 1	245	245	0
CASH, DECEMBER 31	\$ 245	273	28

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit J

RALLS COUNTY, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL

DRUG ENFORCEMENT

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 0	100,731	100,731
Charges for services	9,000	4,306	-4,694
Interest	0	300	300
Total Receipts	9,000	105,337	96,337
DISBURSEMENTS			
Drug Task Force	13,300	112,385	-99,085
Transfers out	1,683	1,683	0
Total Disbursements	14,983	114,068	-99,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	-5,983	-8,731	-2,748
CASH, JANUARY 1	10,828	10,828	0
CASH, DECEMBER 31	\$ 4,845	2,097	-2,748

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

RALLS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEES

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 4,500	4,902	402	0	4,560	4,560
Interest	500	488	-12	300	423	123
Total Receipts	5,000	5,390	390	300	4,983	4,683
DISBURSEMENTS						
Recorder	5,000	6,476	-1,476	7,000	7,000	0
Total Disbursements	5,000	6,476	-1,476	7,000	7,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	-1,086	-1,086	-6,700	-2,017	4,683
CASH, JANUARY 1	14,961	14,961	0	16,978	16,978	0
CASH, DECEMBER 31	\$ 14,961	13,875	-1,086	10,278	14,961	4,683

The accompanying Notes to the Financial Statements are an integral part of this statement.

RALLS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 911

		Year Ended December 31,					
		1998			1997		
			Variance			Variance	
			Favorable			Favorable	
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
E911 phone tax	\$	86,913	88,420	1,507	80,000	82,264	2,264
Interest		800	2,823	2,023	300	506	206
Loan proceeds		0	0	0	0	114,000	114,000
Transfers in		32,590	6,000	-26,590	18,000	52	-17,948
Total Receipts		120,303	97,243	-23,060	98,300	196,822	98,522
DISBURSEMENTS							
Salaries		44,524	38,838	5,686	0	0	0
Fringe benefits		13,700	10,912	2,788	0	0	0
Office expenses		4,500	7,076	-2,576	4,800	3,174	1,626
Equipment		131,200	31,606	99,594	4,000	2,080	1,920
Rural address/mapping		15,000	8,945	6,055	58,420	60,607	-2,187
Lease purchase payments		27,743	27,743	0	0	0	0
Network		22,718	110,860	-88,142	0	0	0
Other		6,600	4,979	1,621	3,000	2,487	513
Total Disbursements		265,985	240,959	25,026	70,220	68,348	1,872
RECEIPTS OVER (UNDER) DISBURSEMENTS		-145,682	-143,716	1,966	28,080	128,474	100,394
CASH, JANUARY 1		145,682	145,682	0	17,208	17,208	0
CASH, DECEMBER 31		\$ 0	1,966	1,966	45,288	145,682	100,394

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

RALLS COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
HEALTH CENTER FUND

Year Ended December 31,						
1998			1997			
		Variance			Variance	
	Budget	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	
RECEIPTS						
Property taxes	\$ 98,000	102,592	4,592	98,000	98,306	306
Intergovernmental	186,500	211,886	25,386	206,000	201,506	-4,494
Charges for services	580,500	519,048	-61,452	693,000	676,491	-16,509
Interest	5,500	8,356	2,856	6,000	6,042	42
Other	7,500	21,168	13,668	6,500	10,108	3,608
Total Receipts	878,000	863,050	-14,950	1,009,500	992,453	-17,047
DISBURSEMENTS						
Salaries	500,000	474,396	25,604	600,000	598,258	1,742
Fringe benefits	125,000	111,601	13,399	141,000	139,956	1,044
Office expenditures	75,300	50,216	25,084	75,000	74,097	903
Equipment	0	5,649	-5,649	20,000	15,690	4,310
Mileage and training	54,000	36,517	17,483	65,000	54,808	10,192
Program expenditures	75,000	55,321	19,679	81,000	74,126	6,874
Building expenses	25,000	23,487	1,513	25,000	22,168	2,832
Other	2,500	15,520	-13,020	2,500	0	2,500
Total Disbursements	856,800	772,707	84,093	1,009,500	979,103	30,397
RECEIPTS OVER (UNDER) DISBURSEMENTS	21,200	90,343	69,143	0	13,350	13,350
CASH, JANUARY 1	150,490	146,712	-3,778	136,695	133,362	-3,333
CASH, DECEMBER 31	\$ 171,690	237,055	65,365	136,695	146,712	10,017

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

RALLS COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Ralls County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Administration Fund	1997
Prosecuting Attorney Delinquent Tax Fund	1997
Domestic Violence Fund	1997
Drug Enforcement Fund	1997
Circuit Clerk Special Fund	1997
Circuit Division Interest Fund	1998 and 1997
Associate Circuit Division Interest Fund	1998 and 1997

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	1997
Law Enforcement Training Fund	1998
Drug Enforcement Fund	1998
Recorder's User Fee Fund	1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 1998. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	1998 and 1997
Circuit Division Interest Fund	1998 and 1997
Associate Circuit Division Interest Fund	1998 and 1997

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Health Center Board's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the Board's custodial bank in the Board's name. However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

### 3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$156,064 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$79,726. As of December 31, 1998, \$29,902 remains to be paid.



## Supplementary Schedule

## RALLS COUNTY, MISSOURI

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Health -			
10.6	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-7187	\$ 0	12,629
		ERO045-8187	11,255	4,322
		ERO045-9187	3,031	0
	Program Total		14,286	16,951
U.S. DEPARTMENT OF DEFENSE				
	Direct Program:			
12.unknown	Contract for Law Enforcement Services	DDACW 43095-H0040	27,628	33,033
	Passed through state:			
	Office of Administration -			
12.1	Payments to States in Lieu of Real Estate Taxes	N/A	14,154	15,561
	Department of Public Safety -			
12.unknown	Donation of Federal Surplus Property	N/A	2,956	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.2	Community Development Block Grants/State's Program	93-DR-048	680	0
		96-MO-04	0	46,881
	Program Total		680	46,881
U.S. DEPARTMENT OF INTERIOR				
15.unknown	Historic Preservation Fund Grant	29-96111000-420	0	8,000
U.S. DEPARTMENT OF JUSTICE				
	Passed through state:			
	Department of Public Safety -			
16.6	Byrne Formula Grant Program	96-NCD2-054	0	94,934
		97-NCD2-045	100,731	93,836
	Program Total		100,731	188,770
U. S. DEPARTMENT OF TRANSPORTATION				

	Passed through state Highway and Transportation Commission -			
20.2	Off-System Bridge Replacement and Rehabilitation Program	BRO-87(10)	0	51,159
		BRO-87(11)	0	169,378
		BRO-87(12)	109,507	973
	Program Total		109,507	221,510

#### U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through state:

	Department of Health -			
93.3	Immunization Grants	PG0064-8187IAP	2,860	2,613
	Department of Social Services -			
93.6	Child Support Enforcement	N/A	1,313	1,351

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	Department of Health -			
	Child Care and Development Block Grant -			
93.6	Nursing Consultation to Child Care Facilities	ERO146-7187	0	864
		ERO146-8187CCNC	3,839	110
		ERO146-9187CCH & SCS	748	0
	Program Total		4,587	974

93.6	Local Sanitation Inspection of Child Care Facilities	PG0067-8187	245	0
		PG0067-9187	665	0
	Program Total		910	0

93.9	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-0015	335	444
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	Preventive Health and Health Services Block Grant -			
94.0	Health Educator	AOC700098	0	19,425
		AOC8000075	0	8,223
		AOC9000119	19,277	0
	Program Total		19,277	27,648

94.0	Cancer Coalition-Teens Against Tobacco Use	C700631001	0	3,509
		C803594001	1,000	100
		C901303001	784	0
	Program Total		1,784	3,609

	Maternal and Child Health Services			
94.0	Block Grant to the States	ERO146-7187	0	10,531
		ERO146-8187MCH	12,640	1,779
		ERO146-9187MCH	2,403	0
	Program Total		15,043	12,310

94.0	Family Planning	ERO175-7187FP	0	1,297
		ERO175-8187FP	2,139	759

		ERO175-9187FP	<u>449</u>	<u>0</u>
	Program Total		<u>2,588</u>	<u>2,056</u>
94.0	Teen Leader/Postponing Sexual Involvement	ERO175-7187	0	1,918
		ERO146-8009-8187PSI	<u>1,305</u>	<u>748</u>
	Program Total		<u>1,305</u>	<u>2,666</u>
	Total Expenditures of Federal Awards		\$ <u><u>319,944</u></u>	<u><u>584,377</u></u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

## Notes to the Supplementary Schedule

RALLS COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ralls County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Property Program (CFDA number 12.unknown) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$100,731 and \$188,770 to a subrecipient under the Byrne Formula Grant Program (CFDA number 16.579) during the years ended December 31, 1998 and 1997.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION



## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Ralls County, Missouri

Compliance

We have audited the compliance of Ralls County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ralls County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-1.

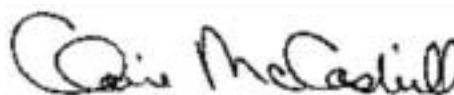
#### Internal Control Over Compliance

The management of Ralls County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Ralls County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

April 8, 1999 (fieldwork completion date)

Schedule

RALLS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 1998 and 1997

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   X   no

Reportable conditions identified that are  
not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to the financial statements  
noted?        yes   X   no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   X   no

Reportable condition identified that is  
not considered to be a material weaknesses?   X   yes        none reported

Type of auditor's report issued on compliance for  
major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes        no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
16.579	Byrne Formula Grant Program
20.205	Off-System Bridge Replacement and Rehabilitation Program

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes      X   no

## **Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

## **Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

**98-1.**

### **Federal Awards**

Federal Grantor: U.S. Department of Transportation  
Pass-Through Grantor: State Highway and Transportation Commission  
Federal CFDA Number: 20.205  
Program Title: Off-System Bridge Replacement and Rehabilitation Program  
Pass-Through Entity: Not applicable  
Identifying Number: BRO 087(12)  
Award Year: 1998  
Questioned Costs: Not applicable

During the two years ended December 31, 1998, the county received reimbursements from the Missouri Department of Transportation for bridge replacement and rehabilitation expenditures under the Highway Planning and Construction Program - Off System Projects. The county normally pays such expenditures as the liability is incurred and prior to the reimbursement. However, we noted one reimbursement totaling \$44,578 which the county held 46 days before the related payment was made to the contractor.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that federal funds shall be disbursed by the county within two days of receipt.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

### **AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We agree. The exception noted was due to oversight when we misplaced an invoice for a while. Since it is already our policy to pay such costs before requesting reimbursement from federal*

*monies, we do not believe any specific corrective action is needed. We will ensure federal monies are disbursed in a timely manner.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*



RALLS COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the three years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

RALLS COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

4. Federal Financial Assistance

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Missouri Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number:	96-NCD2-054, 95-NCD2-0060, and 95-NCD2-0051
Award Year:	1996 and 1995
Questioned Cost:	\$38,516

Ralls County was the grant recipient for a federal Drug Control and Systems Improvement Formula Grant, passed through the state Department of Public Safety (DPS). Ralls County in turn passed the funds on to the Northeast Missouri (NEMO) Drug Task Force. The County Commission approved reimbursement requests from the NEMO Drug Task Force, however, it did not receive or review documentation supporting Task Force expenditures. Also the County Commission did not ensure the NEMO Task Force obtained an audit. The DPS performed a review and questioned costs totaling \$38,516.

Recommendation:

The County Commission adequately review supporting documentation for all expenditures prior to approving reimbursement requests and ensure subrecipients of federal financial assistance comply with federal regulations, including obtaining an annual audit when necessary. In addition, the County Commission should contact the Missouri Department of Public Safety to resolve this issue.

Status:

Partially implemented. We have resolved this issue with the Missouri Department of Public Safety who required NEMO to repay \$14,000. Although we did not require an annual audit and supporting documentation for expenditures, effective July 1, 1998 Ralls County no longer serves as the pass-through entity for this program.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

RALLS COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 8, 1999. We also have audited the compliance of Ralls County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 8, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Ralls County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1. Financial Condition</b>
-------------------------------

Ralls County's General Revenue Fund is experiencing a declining cash balance. The following shows receipts, disbursements, and ending cash balances for the two years ended December 31, 1998:

Cash Balance, January 1, 1997	\$	115,169
Receipts		1,159,388
Disbursements		<u>1,171,615</u>
Cash Balance, December 31, 1997		102,942
Receipts		1,092,702
Disbursements		<u>1,191,415</u>
Cash Balance, December 31, 1998	\$	<u>4,229</u>

Due to a misallocation of 1996 sales tax monies into the Special Road and Bridge Fund rather than the General Revenue Fund, which was corrected in 1997, the 1997 receipts amount reflected above is inflated by \$78,403. The beginning cash balance at January 1, 1997 is understated by the same amount. Therefore, the cash balance actually decreased from \$193,572 at January 1, 1997 to \$4,229 at December 31, 1998. In addition, the 1999 budget for the General Revenue Fund has budgeted receipts of \$1,149,293, budgeted disbursements of \$1,327,020, and budgeted ending cash balance of (\$173,498) at December 31, 1999.

In addition to the projected negative cash balance at December 31, 1999, the General Revenue Fund owes approximately \$52,667 to the Special Road and Bridge Fund due to administrative transfers which were in excess of the amounts authorized by law, as noted in MAR No. 4.

Contributing to the weak financial condition has been little growth in revenues coupled with increasing costs, most notably expenses for boarding of prisoners which have increased from approximately \$36,000 in 1996 to approximately \$102,000 in 1998. In addition, salaries of county officials are budgeted to increase approximately \$66,000 in 1999.

The County Commission should review expenditures and reduce discretionary amounts as much as possible.

**WE RECOMMEND** the County Commission take the necessary steps to improve the financial condition of General Revenue Fund.



## **AUDITEE'S RESPONSE**

*We agree. We do continually monitor the financial condition of the county and have also begun meeting monthly with all the county officials to discuss the status of the budget. We may need to look into raising additional taxes, cutting services, or possibly both.*

### **2. Budgetary Practices**

Our review of the county budgets disclosed the following concerns:

- A. As similarly noted in the prior two reports, the approved budget documents did not adequately project the anticipated financial condition of the Special Road and Bridge Fund for the two years ended December 31, 1998. The following are estimated cash balances as compared to actual cash balances at December 31, 1998 and 1997:

<u>Year Ended December 31,</u>	<u>Cash Balance</u>	
	<u>Budget</u>	<u>Actual</u>
1998	\$ 0	\$348,207
1997	0	480,602

The County Commission indicated that, to plan for unforeseen emergencies and to avoid overspending the approved budget, they budget to spend all beginning cash available plus all estimated receipts for the year. The practice of overestimating expected disbursements to reflect an unreasonable cash balance results in the loss of the use of the budget as a management planning tool and as a control over disbursements. If there are valid reasons which necessitate unforeseen expenditures, budget amendments could be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office prior to incurring the expenditures.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and the anticipated ending cash balances.

- B. Disbursements exceeded budget amounts in various funds during the two years ended December 31, 1998, as follows:

Fund	Year Ended December 31,	
	1998	1997
Assessment	0	\$ 559
Law Enforcement Training	\$ 2,435	0
Drug Enforcement	99,085	0
Recorder's User Fees	1,476	0

The county failed to include activity related to a federal grant in its Drug Enforcement Fund budget for 1998.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that county officials are required to strictly comply with county budget laws. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.

In addition, Section 50.622, RSMo Cum. Supp. 1998, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

**WE RECOMMEND** the County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the county's financial position is presented.
- B. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.

**AUDITEE'S RESPONSE**

*A&B. We agree.*

<b>3. Controls Over County Expenditures</b>
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- A. Bids were not always solicited nor was bid documentation always retained by the County Clerk for various purchases made by the county during the audit period. The County Clerk and County Commission indicated bids are sometimes solicited through telephone calls or other direct contacts with vendors; however, documentation of these contacts was not maintained or recorded in the County Commission minutes.

- 1) The following are examples of items purchased during the two years ended December 31, 1998, without bid documentation:

<u>Item</u>	<u>Cost</u>
Tractor	\$48,250
Gravel	46,270
Asphalt	26,972
Road equipment	26,335
Boom-Mower	24,220
Dodge Pickup	17,273
Calcium	16,660
Fuel	6,768
Computers	5,008

The County Clerk indicated the tractor and the boom-mower were chosen because the county wanted to lease the equipment; the gravel is purchased from the nearest provider to the work sites and the asphalt and calcium are purchased from sole source providers. The County Clerk did not have reasons for lack of documentation of bids for the Dodge pickup, nor for fuel and computers beyond wanting to support local businesses. However, documentation for selection was not maintained.

- 2) The county commission minutes did not always document the evaluation of bid proposals and the basis and justification for awarding bids, including the reasons low bids were not accepted. The following are examples of items purchased where the low bid was not accepted and the evaluation of the bid was not documented:

<u>Item</u>	<u>Cost</u>
Road Grader	\$84,153
Radio Equipment	52,332

While no information was documented regarding the evaluation of bid proposals or the basis and justification for awarding the contract to the vendor selected, the County Clerk indicated the road grader, purchased for \$10,000 more than the low bid, was chosen based on brand preference. Also, the radio equipment purchased was \$15,772 more than the low bid which the County Clerk indicated did not meet bid specifications.

Section 50.660, RSMo Cum Supp 1998, increased the bid requirement to any purchase in the amount of \$4,500 or more made from any one person, firm or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value

by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding.

- B. The Prosecuting Attorney submits a letter to the County Clerk's office to obtain reimbursement for various expenses. However, adequate supporting documentation such as invoices, timesheets, or itemized expense reports was not always required to be submitted to the County Commission for various expenses such as mileage, equipment, office expenses, major case expenses, training expenses, and professional services. Without adequate supporting documentation, the County Commission cannot determine the validity and propriety of the expenditures. Excluding regular salary costs, expenses of the Prosecuting Attorney's office totaled \$5,325 and \$5,836 for the years ended December 31, 1998 and 1997 respectively from various funds. While the county did include the Prosecuting Attorney's unsupported expenses totaling \$5,836 on a 1099 form for 1997, only professional services totaling \$1,200 were included on the 1099 form for 1998.
- C. The Ralls County Commission authorized operating transfers of \$6,052 from the Special Road and Bridge Fund to the 911 Fund and proposed a transfer for 1999 of \$50,000. In addition, the following 911 costs were paid directly from the Special Road and Bridge Fund during the audit period:

<u>Item</u>	<u>Cost</u>
Radio Equipment	\$47,158
911 Coordinator's Salary for 1997	14,455
Mapping Services	6,410
Radio Tower License	2,310

State law and the Missouri Constitution restrict the use of the Special Road and Bridge Fund to road and bridge purposes. The county had no documentation supporting the use of Special Road and Bridge funds for this purpose. The County Commission indicated that the 911 employees do dispatching and mapping for the road and bridge department, as well as working on signs, however there was no documentation supporting the amount charged to Special Road and Bridge in relation to the work done.

- D. The county employs Planning and Zoning legal counsel at a monthly salary of \$1,087. These expenditures were not supported by time sheets or other records documenting work performed. Additionally, no agreement exists documenting the

services to be performed and compensation paid. Without adequate supporting documentation and a formal agreement, the County Commission cannot determine the validity and propriety of the expenditures.

Similar conditions were noted in prior reports.

**WE AGAIN RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law, and maintain documentation of bids solicited and justification for bids awarded. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Require adequate supporting documentation prior to approving expenditures for payment. In addition, all unsupported payments to the Prosecuting Attorney should be included on his W-2 or 1099 form.
- C. Review this situation with the county's legal counsel to determine whether transferring Special Road and Bridge funds to the 911 is a proper road and bridge expense. If these expenditures are determined to not be appropriate, these monies should be paid back to the Special Road and Bridge Fund. In addition, charges from 911 to the Special Road and Bridge Fund for work performed should be supported by documentation indicating the number of hours worked or number of dispatch calls received, as well as a per unit amount charged for those services.
- D. Obtain a formal agreement documenting the services to be provided by the Planning and Zoning legal counsel and require adequate supporting documentation of time worked and services performed prior to approving payment.

**AUDITEE'S RESPONSE**

- A. *We agree and will also try to document these items in the minutes better.*
- B&C. *We agree.*
- D. *We agree and have already asked for this information.*

<b>4. Special Road and Bridge Fund Administrative Service Fee</b>
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Section 50.515, RSMo 1994, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The purpose of this fee is to recoup actual expenditures made from the General Revenue Fund for road and bridge related administrative expenses. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund.

Budgeted expenditures, upon which the county calculated the transfer amount, significantly exceeded actual expenditures of the Special Road and Bridge Fund during the year ended December 31, 1998. As a result, actual transfers were \$9,723 in excess of 3 percent of actual expenditures for that year.

In addition, as noted in the prior report, \$42,944 was due from the General Revenue Fund to the Special Road and Bridge Fund for prior accumulated excess administrative transfers. This amount was not repaid. At December 31, 1998, \$52,667 in excess administrative transfers is due from the General Revenue Fund to the Special Road and Bridge Fund.

**WE AGAIN RECOMMEND** the County Commission base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$52,667 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

#### **AUDITEE'S RESPONSE**

*We agree and will review this situation further regarding the accumulated excess transfers.*

<b>5. Personnel Policies and Procedures</b>
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- A. Currently, county officials are properly bonded as required by statute; however, other county-paid employees who handle monies are not covered by any employee bond. Properly bonding all persons with access to monies would better protect the officials and county from risk of loss.
- B. Although the County Commission has adopted a county wide leave policy for all county employees, many employees take leave at the discretion of each respective elected official. Centralized accumulated vacation leave, sick leave and compensatory time records are not maintained by the County Clerk. In addition, most of the elected officials or supervisors do not maintain records of vacation leave, sick leave, and compensatory time for their employees.

Without centralized leave records, the County Commission cannot ensure that employees' vacation leave, sick leave, and compensatory time balances are accurate and that all employees are treated equitably. Centralized leave records also aid in determining final compensation for employees leaving county employment and in documenting compliance with the Fair Labor Standards Act.

**WE RECOMMEND** the County Commission:

- A. Obtain adequate bond coverage for all employees with access to monies.

- B. Require the County Clerk to maintain centralized leave records for all county employees.

**AUDITEE'S RESPONSE**

- A. *We will take this recommendation under advisement.*
- B. *We agree and will attempt to implement this recommendation.*

<b>6. County Clerk's Controls and Procedures</b>
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- A. The County Clerk does not maintain adequate records of fixed assets. Records consist primarily of files of information on county cars and road and bridge equipment. A listing of all county-owned assets, including a description, the purchase price, date of acquisition, location, and identification number is not maintained. Section 51.155, RSMo Cum Supp. 1998, requires that fixed assets with an original value of \$250 or more be recorded in the fixed asset records.

This condition was also noted in our prior report.

- B. The county does not have formal procedures for disposing of county owned property. No written authorization for disposal is obtained from the County Commission. In addition, complete information is not recorded regarding the disposition of assets.

Written authorization for the disposal of property and documentation of the date and method of disposition are necessary to lessen the possibility of misuse and to provide adequate support for changes to the fixed asset records.

- C. The County Clerk does not periodically reconcile equipment purchases with additions to the fixed asset records and annual inventories of fixed assets are not performed.

Section 50.155, RSMo 1998, Cum. Supp., requires the County Clerk to perform annual inventories of county property, buildings, and equipment. In addition, performing reconciliations of equipment purchased would help ensure all purchases have been properly added to the fixed asset records.

- D. Property tags are not placed upon fixed asset items. Property control tags should be affixed to all fixed asset items to help improve accountability over these items and help ensure that assets are not lost or stolen.

Adequate fixed asset records and procedures are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage of county property. Inventories of county property are necessary

to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

- E. The County Clerk neither prepares nor verifies the tax books. Both the current and back tax books are generated from the computer by the County Collector. State law requires the county clerk to prepare the tax books, and charge the collector with those taxes. Failure of the County Clerk to verify tax books could result in errors or intentional misstatements going undetected.

This condition was also noted in our prior report.

**WE RECOMMEND** the County Clerk:

- A. Maintain adequate fixed asset records with a detailed description of each item to include the purchase price, date of acquisition, location, and identification number.
- B. And the County Commission establish a formal method of disposing of fixed assets.  
At a minimum, written authorization for all property dispositions should be obtained and the date and method of disposition should be recorded on the fixed asset records.
- C. Perform an annual inventory of the county's fixed assets and periodically reconcile fixed asset purchases to additions on the fixed asset records.
- D. Identify all fixed assets with a number, tag, or similar identifying device.
- E. Verify the tax books generated by the County Collector's office.

**AUDITEE'S RESPONSE**

A-E. I agree.

<b>7. Segregation of Duties</b>
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During our review of accounting policies and procedures, we noted accounting duties in the following areas are not adequately segregated:

- A. In the Circuit Clerk's office, for child support activities, one clerk receives monies, records cash receipts and disbursements, writes checks, prepares and makes deposits, receives bank statements, and performs bank reconciliations.
- B. The Associate Circuit Clerk receives monies, records receipts and disbursements, prepares and makes deposits, and performs month-end reconciliations.



- C. The Sheriff's bookkeeper receives monies, records receipts and disbursements, writes checks, prepares and makes deposits, receives bank statements, performs month-end reconciliations, and prepares monthly fee reports.

There is no documentation that the employees' supervisors or other personnel independent of these functions reconcile or review the work performed by these employees. To adequately safeguard assets, the cash custody and record keeping functions should be segregated where possible. If the functions cannot be segregated, timely supervisory review of work performed and investigation into unusual items and variances is necessary and should be documented.

**WE RECOMMEND** the Circuit Clerk, Associate Division, and the Sheriff provide for adequate segregation of duties or the performance of independent reconciliations and reviews of accounting records.

### **AUDITEE'S RESPONSE**

*The Circuit Clerk responded: I agree and will document my review of the deputy clerk's work.*

*The Associate Judge responded: We have a bookkeeping system that works very well, and I trust my clerks to handle all monies paid through this court. I have access to all files and records, and the clerks know that at any time I can pull any file and review both record and bookkeeping entries. We will keep your recommendations in mind.*

*The Sheriff responded: I agree and have already started documenting my review of my bookkeeper's work.*

This report is intended for the information of the management of Ralls County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## RALLS COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up action taken by Ralls County, Missouri, on findings made in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1996. Finding number 4 is omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

### 1. Budgetary Practices

- A. The approved budget documents did not adequately project the anticipated financial condition of the Special Road and Bridge Fund for the three years ended December 31, 1996, 1995, and 1994.
- B. The County Commission approved budgeted deficits of \$25,252 and \$66,558 for the General Revenue Fund for the years ended December 31, 1995 and 1994, respectively.
- C. Formal budgets were not prepared and filed with the State Auditor's office for a number of county funds for the years ended December 31, 1996, 1995 and 1994.

#### Recommendation:

The County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that a reasonable estimate of the county's financial position is presented.
- B. Discontinue deficit budgeting.
- C. Ensure a budget is prepared or obtained for all county funds. The County Clerk should file all budgets with the State Auditor's office.

#### Status:

- A. Not implemented. See MAR 2.A.
- B. Implemented. A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 1998. However, the budget for that fund included other resources available sufficient to offset the deficit budget balance presented.

- C. Partially implemented. The number of unbudgeted funds decreased significantly from the prior audit. For year ending December 31, 1998 the only funds not budgeted were the Circuit Division Interest Fund and the Associate Circuit Division Interest Fund, both of which are held by other officials. Although not repeated in the current report, our recommendation remains as stated above.

2. Controls Over County Expenditures

- A. Bids were not always solicited nor was bid documentation always retained by the County Clerk for various purchases made by the county during the audit period.
- B. The County Assessor contracted for map maintenance services with a corporation whose president was the County Surveyor. The county did not follow bidding procedures to obtain this service.
- C. Adequate supporting documentation was not always required for reimbursement claims submitted by the Prosecuting Attorney for various expenses.
- D. The Sheriff and deputies were not required to submit invoices or an itemized expense report to support uniform allowances paid to them, nor were the uniform allowances reported on W-2 forms.
- E. Numerous expenditures from the Law Enforcement Training (LET) Fund appeared inappropriate.
- F. The Ralls County Commission authorized the 911 coordinator's salary to be paid in part from the 911 Fund and in part from the Special Road and Bridge Fund and retained no documentation supporting the use of Special Road and Bridge funds for that purpose.
- G. Expenditures of \$1,000 per month for Planning and Zoning legal counsel were not supported by time sheets or other records documenting work performed.

Recommendation:

The County Commission:

- A. Solicit bids for purchases in accordance with state law and maintain documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Bid professional services in the future. The County Commission should consult with the Prosecuting Attorney regarding any conflict of interest.

- C. Require adequate supporting documentation prior to approving expenditures for payment. In addition, the unsupported payments to the Prosecuting Attorney should be included on his W-2 form.
- D. Require employees to submit invoices or itemized expense reports for uniform allowances or report the payments as other income on the employees' W-2 forms.
- E. Ensure all expenditures of the LET Fund meet the requirements of chapter 590, RSMo 1994. In addition, \$13,882 should be transferred from the General Revenue Fund to the Law Enforcement Training Fund.
- F. Review this situation with the county's legal counsel and ensure paying a portion of the 911 coordinator's salary from the Special Road and Bridge Fund is a proper road and bridge expense. The amount of time paid from each fund should be supported by time sheets which document the activities performed.
- G. Obtain a formal agreement documenting the services to be provided by the Planning and Zoning legal counsel and require adequate supporting documentation of time worked and services performed prior to approving payment.

Status:

- A. Not implemented. See MAR 3.A.
- B. Not implemented. The County Commission did not consult with the Prosecuting Attorney on this issue. They are still under the same contract as noted in the prior audit for map maintenance service, however they indicated their intentions on bidding this service when the contract expires. Expenditures for this contract were \$14,297 and \$12,112 for 1998 and 1997, respectively. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. Although the county still did not obtain adequate supporting documentation for Prosecuting Attorney expenditures, the county issued a 1099 to the Prosecuting Attorney for some of the unsubstantiated expenditures. See MAR 3.B.
- D. Implemented. These payments are now included as part of the gross wages on the employees' W-2 forms.
- E. Partially implemented. Although we noted no questionable expenditures paid from the LET Fund during the audit period, the county did not transfer the \$13,882 from the General Revenue Fund to the LET Fund. Although not repeated in the current report, our recommendation remains as stated above.
- F. Not implemented. See MAR 3.C.

G. Not implemented. See MAR 3.D.

3. Special Road and Bridge Fund Administrative Service Fee

The administrative transfer was substantially more than three percent of reasonable budgeted expenditures during the years ended December 31, 1995 and 1994. At December 31, 1996, \$42,944 was due from the General Revenue Fund to the Special Road and Bridge Fund for excess administrative fee transfers.

Recommendation:

The County Commission base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$42,944 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

Status:

Not implemented. See MAR 4.

5. Collector's Proposition C Calculations

- A. The Collector used an incorrect unadjusted tax levy when computing the 1995 Proposition C ratio for the Hannibal 60 School District, resulting in monies being improperly withheld from the school district, \$938 and \$642 were due from the General Revenue Fund and the Assessment Fund, respectively, to the school district.
- B. The Collector incorrectly calculated the average school levy when computing commissions and Assessments Fund withholdings on state assessed railroad and utility taxes, resulting in \$2,910 being improperly withheld from the taxes due to the school districts.

Recommendation:

The Collector ensure future Proposition C commissions are computed correctly. In addition, the Collector should:

- A. Withhold commissions of \$938 from the General Revenue Fund and \$642 from the Assessment Fund to be distributed to the Hannibal 60 School District.
- B. Withhold \$2,910 from future commissions and Assessment Fund withholdings on state assessed railroad and utility taxes, and include that amount in taxes to be distributed to the school districts.

Status:

A&B. Implemented.  
6. Associate Circuit Division Procedures

Receipts were not deposited intact, nor on a timely basis.

Recommendation:

The Associate Circuit Division Judge ensure receipts are deposited intact daily or when accumulated receipts exceed \$100.

Status:

Not implemented. Receipts were deposited approximately two to three times a week. Although not repeated in the current report, our recommendation remains as stated above.

7. County Clerk's Controls and Procedures

- A. The County Clerk neither prepared nor verified the tax books.
- B. The County Clerk did not maintain adequate records of fixed assets and did not add assets purchased to the county's insurance policy on a timely basis.
- C. The County Clerk was a license fee agent for the Missouri Department of Revenue and operated the fee office from his office in the courthouse. Through an oral agreement, the County Clerk paid the county monthly rent of \$75 and also paid 40 percent of the salary of one of his deputies. No documentation existed to document the adequacy of the monthly rental amount or salary allocation of the deputy.

Recommendation:

The County Clerk:

- A. Verify the tax books generated by the County Collector's office.
- B. Maintain adequate records of fixed assets and ensure assets purchased are added to the county's insurance policy on a timely basis.
- C. Prepare documentation of the adequacy of rental payments and salary allocations.

Status:

- A. Not implemented. See MAR 6.E.
- B. Not implemented. See MAR 6.A.

- C. Not implemented. The County Clerk raised the monthly rental payments to \$100 and the salary allocation of one of his deputies to 45%. However, no documentation was prepared to support the adequacy of the increased amounts. Although not repeated in the current report, our recommendation remains as stated above.



## STATISTICAL SECTION

History, Organization, and  
Statistical Information

# RALLS COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1820, the county of Ralls was named after Daniel Ralls, one of the first representatives to the state legislature. Ralls County is a county-organized, third-class county and is part of the Tenth Judicial Circuit. The county seat is New London.

Ralls County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Ralls County received its money in 1998 and 1997 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 483,199	22	433,527	18
Sales taxes	629,463	29	649,224	28
Federal and state aid	731,070	33	813,866	35
Fees, interest, and other	348,286	16	430,802	19
Total	\$ 2,192,018	100	2,327,419	100

The following chart shows how Ralls County spent monies in 1998 and 1997 from the General Revenue and Special Road and Bridge Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 691,605	28	647,799	24
Public safety	499,810	21	523,816	19
Highways and roads	1,231,711	51	1,527,809	57
Total	\$ 2,423,126	100	2,699,424	100

The county maintains approximately 56 county bridges and 435 miles of county roads.

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The county's population was 7,764 in 1970 and 8,476 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1998	1997	1985*	1980**	1970**
		(in millions)				
Real estate	\$	66.2	64.2	51.3	27.4	15.1
Personal property		25.9	21.8	9.9	5.1	2.7
Railroad and utilities		17.9	17.4	13.7	10.6	7.9
Total	\$	110.0	103.4	74.9	43.1	25.7

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ralls County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		1998	1997
General Revenue Fund	\$	.19	.19
Special Road and Bridge Fund		.27	.27
Health Center Fund		.10	.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		1999	1998
State of Missouri	\$	32,311	30,890
General Revenue Fund		204,815	191,682
Special Road and Bridge Fund		288,083	274,311
Assessment Fund		50,428	45,861
Health Center Fund		106,744	101,590
Surtax		186,894	187,113
Schools		3,488,550	3,331,732
Library District		111,441	107,801
Ambulance District		213,545	203,002
Nursing Home		11,002	10,869
Cities		14,447	13,605
County Clerk		114	147
County Employees' Retirement		25,636	23,783
Commissions and fees:			
General Revenue Fund		82,747	74,019
Total	\$	4,816,757	4,596,405

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Percentages of current taxes collected were as follows:

		Year Ended February 28,	
		1999	1998
Real estate		93.3 %	93.2 %
Personal property		96.2	95.7

Railroad and utilities	98.6	100.0
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Ralls County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
General (1/3 law enforcement, 1/3 general revenue, 1/3 road and bridge)	.0050	March 31, 2001	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	1999	1998	1997
<b>County-Paid Officials:</b>			
Lewis Palmer, Presiding Commissioner	\$	15,350	14,850
James Thompson, Associate Commissioner		17,835	15,900
Jesse Poage, Associate Commissioner		17,835	15,900
Gaylord Winders, County Clerk		28,950	27,950
John W. Briscoe, Prosecuting Attorney		31,113	30,113
Bernard Berghager, Sheriff		34,000	34,000
Jena Epperson, County Treasurer		18,508	17,988
Woody St. Clair, County Coroner		5,500	5,500
Sheila Foster, Public Administrator *		15,825	15,455
Lucille Shulse, County Collector, year ended February 28,	30,816	30,399	
Donald K. Knight, County Assessor ***, year ended August 31,		38,675	
John C. Briscoe, County Assessor**, year ended August 31			30,550
Robert Vogler, County Surveyor ****			

\* Includes fees received from probate cases.

\*\* Includes \$900 annual compensation received from the state.

\*\*\* Includes \$675 annual compensation received from the state.

\*\*\*\* Compensation on a fee basis.

**State-Paid Officials:**

Sandra Bangert, Circuit Clerk and Ex Officio Recorder of Deeds	42,183	40,176
Glenn Norton, Associate Circuit Judge	85,158	81,792

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A breakdown of employees (excluding the elected officials) by office at December 31, 1998, is as follows:

Office	Number of Employees Paid by County	State
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Circuit Clerk and Ex Officio Recorder of Deeds	2 *	2 *
County Clerk	3 **	0
Prosecuting Attorney	2	0
Sheriff	11 ***	0
County Collector	2 ****	0
County Assessor	5 ****	0
Associate/Probate Division	0	3 ****
Road and Bridge	14 ****	0
Health Center	19 ***	0
911	11 *****	0
Planning and Zoning	2	0
Total	<u>71</u>	<u>5</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Ralls County's share of the Tenth Judicial Circuit's expenses is 18.73 percent.

- \* Includes one part time employee paid 65% by state and 35% by county
- \*\* Includes one employee who works part time for the county and part time for DOR licensing office.
- \*\*\* Includes three part time employees.
- \*\*\*\* Includes one part time employee.
- \*\*\*\*\* Includes eight part time employees.